

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

17-1: OVERVIEW OF CHAPTER

This chapter describes the monthly and quarterly accounting and reporting requirements for issuers. It explains how the issuer's monthly reporting cut-off date is determined. The chapter also identifies the forms and reporting methods used in making required reports to Ginnie Mae and sets forth the document retention and reconciliation requirements for these reports.

17-2: ACCOUNT AND RECORD MAINTENANCE

The accounts and records relating to the pooled mortgages and the securities must be maintained in accordance with sound accounting practices and in a manner that will permit Ginnie Mae or its representatives to examine and audit them at any reasonable time.

17-3: MONTHLY REPORTING CUT-OFF DATE

Each issuer must establish a monthly reporting cut-off date for purposes of making payments to security holders, reporting RPBs, and discharging its accounting responsibilities as required by this chapter. The monthly reporting cut-off date must be between the 25th of the month and the first business day of the following month, inclusive, and, once established, will apply thereafter for all of the issuer's pools and loan packages, must be utilized consistently from month to month, and may not be changed without the written approval of the Office of Customer Service or Office of Multifamily Programs, as appropriate (see Addresses). If an issuer establishes the first day of the month as its monthly reporting cut-off date and, as a result, reports its RPBs late, Ginnie Mae may require the issuer to establish an earlier monthly reporting cut-off date.

The period beginning the day after a monthly reporting cut-off date and continuing through the next monthly reporting cut-off date is referred to in this Guide as the "reporting month" or "monthly reporting period."

17-4: MONTHLY POOL REPORTING REQUIREMENTS

Each issuer must report monthly, for each of its pools and loan packages regardless of type, the pool accounting data called for on the Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4) and the Liquidation Schedule, form HUD 11710-E (Appendix VI-4).

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

Section 17-4 (continued)

The issuer must submit forms HUD 11710-A and HUD 11710-E by either (a) magnetic tape, (b) diskette, (c) the Ginnie Mae Data Exchange Bulletin Board System (BBS), or (d) the Issuer Information System (IIS). Appendix VI-4 provides specifications and record layouts for all reporting media. If an issuer fails to apply those standards, and the failure results in the consistent rejection of the issuer's reports, Ginnie Mae, after adequate warning, may apply program sanctions to the issuer until compliance is obtained.

The issuer must also transmit each month the Issuer's Monthly Summary Report, form HUD 11710-D (Appendix VI-5) and any revisions to the report electronically, using GinnieNET 5.2. Issuers must follow the instructions set forth in the GinnieNET Issuer Guide. Any supplemental reports or explanations (not including the quarterly certification described in Section 16-8) previously submitted in hard copy form must be retained by the issuer for review by Ginnie Mae or its agents.

Additional or alternative reports, if any, required in connection with a particular pool or loan package type are described in Chapters 24 through 32.

The monthly reports other than the form HUD 11710-D, along with any required supporting documents, must be sent to the Ginnie Mae Reports Group (see Addresses) so that they will be received by the 10th calendar day of the month following the month covered in the report. Do not send these reports directly to Ginnie Mae. The form HUD 11710-D must be transmitted using GinnieNET 5.2 on the 10th calendar day of the month following the month covered in the report.

All required supporting documentation must be maintained by the issuer.

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

Section 17-4 (continued)

(A) Reporting by Different Media

The requirements for reporting by each of the available media other than GinnieNET 5.2 are summarized below:

- (1) Magnetic tape or diskette reporting:
 - (a) An issuer must provide written notice to, and obtain written confirmation from, the Ginnie Mae Reports Group (see Addresses) prior to the submission of reports on magnetic tape or diskette.

The notice must be accompanied by a magnetic tape or diskette containing the current month's accounting report data prepared in accordance with instructions to the Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4). This sample tape or diskette will be used to determine whether it can be processed satisfactorily.
 - (b) After receiving the Ginnie Mae Report Group's confirmation, issuers must submit in the approved magnetic tape or diskette format.
 - (c) Magnetic tapes or diskettes must be submitted to the Ginnie Mae Reports Group (see Addresses).
 - (d) Copies of submitted tapes or diskettes must be maintained by the issuer for at least 90 calendar days following the submission date.
- (2) BBS or IIS reporting:
 - (a) Issuers may submit their monthly pool and loan package data using the BBS. This system allows issuers to submit data over conventional telephone lines.
 - (b) Alternatively, an issuer may use the IIS, a PC-based software package that assists issuers in preparing and submitting their monthly pool and loan package accounting data. In addition, the IIS can be used to facilitate the submission of data on the BBS.

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

Section 17-4(A)(2) **(continued)**

- (c) Issuers should contact the Ginnie Mae Reports Group (see Addresses) for information and registration for using either of these systems.

(B) Submission of Corrected Monthly Accounting Data

Issuers must submit corrections to their forms HUD 11710-A and HUD 11710-E (and any pool-specific monthly reporting forms) using magnetic tape, diskettes, BBS, or IIS. Formats, distribution, and specifications are identical to those required for the initial monthly submission (see Appendix VI-4).

- (1) Each correction tape or diskette submitted must be clearly labeled as containing corrections and must contain only corrections.
- (2) All corrected data must be received by the Ginnie Mae Reports Group no later than the 15th calendar day of the month following the reporting month for which the report is made.

Note that the amount reported at Section 3, Line D of form HUD 11710-A (Appendix VI-4), which must be submitted by the 10th calendar day of each month, must be identical to the RPB reported through the fifth business day of the month. For example, the cut-off balance submitted by April 10 on the form HUD 11710-A for March must be identical to the RPB reported for March on the second business day of April (as corrected through the fifth business day of April). If the amounts are not equal, the issuer must report a corrected cut-off balance for the form HUD 11710-A by April 15 that equals the reported RPB. (See Section 17-4(B)(2))

- (3) The issuer must maintain an explanation for any form HUD 11710-A with entries to Section 1, Box C ("Other") in excess of \$100.

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

Section 17-4(B) (continued)

- (4) Each corrected or revised submission must be accompanied by a brief description of the changes. In addition, the issuer must submit by GinnieNET 5.2 a corrected form HUD 11710-D.

(C) Retention of Paper Copies

An issuer must be able to produce at all times paper copies of the reports required by this Section 17-4 and any supplemental reports and explanations. Ginnie Mae is likely to request hard copy of these documents during its periodic on-site audits of issuers.

(D) Reconciliation

The following monthly data submitted by an issuer must be in agreement each month:

- (1) Principal payments:
 - (a) the sum of the entries in Section 2, as reported in Block E, entitled "Total Principal," of the Issuer's Monthly Accounting Reports, form HUD 11710-A (Appendix VI-4), submitted in that month;
 - (b) the entry under "Due Holders - Total Principal (9)" in the Issuer's Monthly Summary Report, form HUD 11710-D (Appendix VI-5), submitted in that month;
 - (c) the principal paid to security holders on the payment date in that month must equal the difference between the RPB reported for the current payment month and the RPB reported for the immediately preceding month; and
 - (d) in the case of Ginnie Mae I MBS only, the sum of the entries on lines A, C, and D of the Issuer's Monthly Remittance Advices, form HUD 11714 (Appendix VI-10), or, in the case of an SN pool, the sum of the entries on line C of the Issuer's Monthly Serial Note Remittance Advices, form HUD 11714SN (Appendix VI-11), submitted in that month.

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

Section 17-4(D) (continued)

- (2) Interest payments:
 - (a) the sum of the entries in Section 2, line F, entitled “Cash distribution due holders for interest,” on the Issuer’s Monthly Accounting Reports, form HUD 11710-A (Appendix VI-4), submitted in that month;
 - (b) the entry under “Due Holders - Total Interest (10)” in the Issuer’s Monthly Summary Report, form HUD 11710-D (Appendix VI-5), submitted in that month; and
 - (c) in the case of Ginnie Mae I MBS only, the sum of the entries on line B, entitled “Cash distribution due Security Holder for interest,” on the Issuer’s Monthly Remittance Advices, form HUD 11714 (Appendix VI-10), or, in the case of SN pools, the sum of the entries on line A, entitled “Cash distribution due Security Holder for interest,” on the Issuer’s Monthly Serial Note Remittance Advices, form HUD 11714SN (Appendix VI-11), submitted in that month.
- (3) Remaining Principal Balances (RPB):
 - (a) the sum of the entries in Section 3, line D, entitled “Principal of securities this monthend,” on the Issuer’s Monthly Accounting Reports, form HUD 11710-A (Appendix VI-4), submitted in that month;
 - (b) the entry under “Total Security Principal Balance (8),” on the Issuer’s Monthly Summary Report, form HUD 11710-D (Appendix VI-5), submitted in that month;
 - (c) the RPB reported to the RPB contractor in that month; and

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

Section 17-4(D)(3) **(continued)**

- (d) in the case of Ginnie Mae I MBS only, the sum of the entries on line G, entitled "Outstanding balance of this certificate after credit of the above distribution," on the Issuer's Monthly Remittance Advices, form HUD 11714 (Appendix VI-10), or, in the case of SN pools, the sum of the entries on line E, entitled "Outstanding balance of this certificate after credit of the above distribution," on the Issuer's Monthly Serial Note Remittance Advices, form HUD 11714SN (Appendix VI-11), submitted in that month.

(E) Reporting Buydown Funds

Funds due from a provider of buydown funds must be accounted for as if they were due from the mortgagor. These receipts need not be reported separately on the Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4), but may be aggregated with receipts from the mortgagor.

(F) Reporting Differing Mortgage Interest Rates

When loans with different face interest rates are included in a single pool or loan package, the issuer must either:

- (1) prepare for each pool or loan package a separate Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4) each month for each group of loans with the same interest rate and submit only a summary Issuer's Monthly Accounting Report, form HUD 11710-A, totaling all the forms HUD 11710-A for the pool or loan package; or
- (2) prepare a single form HUD 11710-A each month using the "weighted average interest rate," which is described in the instructions to Appendix VI-4.

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

17-5: LOAN LEVEL REPORTING REQUIREMENTS

(A) *Loan Level Accounting*

At any time, the issuer's servicing system must be capable of producing for each pooled mortgage an accounting that identifies the applicable Ginnie Mae pool or loan package number and provides a chronological transcript itemizing the following:

- (A) the monthly installment due dates;
- (B) the amount and date of each collection, disbursement, advance, adjustment, or other transaction affecting the amounts due from or to the mortgagor; and
- (C) the latest outstanding balances of principal, deposits, advances, and unapplied payments.

(B) *Loan Level Reporting*

Each issuer must submit loan level data on a quarterly basis every January 15, April 15, July 15, and October 15 to reflect the data for pools issued through December 1, March 1, June 1, and September 1, respectively. The loan level reporting data must reconcile with the monthly accounting report submitted on the Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4) for the applicable reporting month. The requirements for an issuer are as follows:

- (1) Loan level reporting must be submitted by Electronic Data Interchange (EDI). Hard copy reports are not acceptable.
- (2) Reports by EDI must be submitted to the Ginnie Mae Reports Group at the address listed in Addresses.
- (3) The issuer at all times must be able to produce hard copy reports at the request of Ginnie Mae or its agents. It is likely that requests for hard copy reports will be made during the periodic reviews of issuers.
- (4) In reporting quarterly loan level data by EDI, each issuer must adhere to American National Standards Institute's ASC X12 203 (version 3060) transaction set, the Secondary Mortgage Market Investor Report.

CHAPTER 17: POOL, LOAN PACKAGE AND LOAN ACCOUNTING AND REPORTING

Section 17-5(B) (continued)

- (5) Each issuer must implement and use EDI in compliance with the “Ginnie Mae EDI Implementation Guide” (EDI Guide) which can be obtained by calling the EDI Hotline (see Addresses) or from the Ginnie Mae world wide web site at “www.giniemae.gov.”
- (6) Prior to using EDI to report quarterly loan level data, each issuer must execute and submit an Electronic Data Interchange Systems Agreement, and it must be received and acknowledged by Ginnie Mae’s EDI Coordinator. Issuers that have executed this Agreement with the Ginnie Mae Customer Service Unit in connection with the use of GinnieNET 5.2 may satisfy this requirement by forwarding a copy of the Agreement to the EDI Coordinator
- (7) An issuer must maintain the data and be able to generate the EDI medium for 90 days following the shipping date.

(C) Test EDI Procedures

An issuer that does not use a service bureau or third-party software vendor to submit its loan-level reports must successfully complete three test submissions of its EDI-translated data before using EDI to submit quarterly loan level data. The testing procedures are explained in the EDI Guide.

An issuer that uses a service bureau or third-party software vendor must successfully complete only a single test of its entire loan portfolio. The service bureau or vendor, however, is required to complete the three test submissions prescribed in the EDI Guide. It remains the issuer’s responsibility to ensure that the quarterly loan-level data is submitted using EDI.

